

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6140

BILL NUMBER: SB 112

NOTE PREPARED: Nov 13, 2009

BILL AMENDED:

SUBJECT: Police Hiring Age.

FIRST AUTHOR: Sen. Landske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill increases from less than 36 years of age to less than 40 years of age the maximum age for an individual's initial appointment as a police officer.

Effective Date: July 1, 2010.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary-* Although it is not known how many police officers would be hired between the ages of 36 and 40 years of age as a result of this proposal, it is estimated the increase in annual cost to the 1977 Police Officers' and Firefighters' Pension and Disability Fund would be \$1.39 M. The increase in annual cost as a percentage of pay is estimated to be 0.25%. The increase in annual cost would gradually occur over 10 to 15 years.

Background Information- *1977 Police Officers' and Firefighters' Pension and Disability Fund-* Cities and towns with members in the fund appropriate money from police and fire pension funds. The sources of these funds are property taxes, Motor Vehicle Excise Taxes, and Financial Institutions Taxes. The fund is funded by a 19.5% of payroll contribution rate for police officers and firefighters of the participating cities and towns.

NOTE: This impact is based on the 2008 actuarial valuation of the 1977 Police Officers' and Firefighters' Pension and Disability Fund. Upon completion of the 2009 actuarial valuation, this estimated impact will be

changed if warranted.

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the Police Officers' and Firefighters' Pension and Disability Fund.

Local Agencies Affected: Those units with members in the Police Officers' and Firefighters' Pension and Disability Fund.

Information Sources: Pension Management Oversight Commission, *Minutes dated September 11, 2008*; Doug Todd, Senior Actuary, McCready and Keene, Inc., 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS

Funding— a systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

Unfunded Actuarial Liability -sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.